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RR RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV
DE RUEHFR #1585/01 1091459
ZNR UUUUU ZZH
R 191459Z APR 07
FM AMEMBASSY PARIS
TO RUEHC/SECSTATE WASHDC 6622
RUEHRC/USDA FAS WASHDC
INFO RUCNMEM/EU MEMBER STATES
RUEHMRE/AMCONSUL MARSEILLE 1673
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UNCLAS SECTION 01 OF 03 PARIS 001585

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SUBJECT: MAIN FRENCH PRESIDENTIAL CANDIDATES AGRICULTURE PROPOSALS

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11. (SBU) Summary: Although the farm population makes up less than 4 percent of the French electorate it's political influence has been, during the tenure of President Chirac, disproportionately strong. In this Presidential campaign, the agricultural policies of the main candidates have not been a major issue. What the candidates have said suggests that the policy priorities of the three main Presidential candidates, Nicolas Sarkozy, Segolene Royal and Francois Bayrou will differ significantly from Chirac's.

12. (SBU) ECON and FAS have met with the agricultural advisors of the three leading candidates to discuss their visions on some major agricultural topics. All 3 candidates accepted that changes to the Common Agricultural Policy (CAP) are necessary, but they resist any full reform before 2013. Biofuel production also receives their full support. Sarkozy appears to be more open to agricultural biotechnology than Royal and Bayrou, who both support a biotech moratorium. Both Sarkozy and Royal propose merging the traditional Ministry of Agriculture with another Ministry, such as Economy or Environment. While Mr. Sarkozy is seen as less likely to veto a Doha agreement than Chirac, none of the candidates offer much support to the Doha Development Agenda (DDA) negotiations. End Summary.

Nicolas Sarkozy (UMP)

13. (SBU) As French farmers have traditionally voted for the right, Mr. Sarkozy may hope, as the President of the UMP (center-right), to keep this vote. However, he is seen as being far removed from the farm sector, having spent most of his life in and around Paris. Sarkozy's association with the same conservative party as Chirac may help to offset this perception.

14. (SBU) According to his agricultural advisor Antoine Herth, Nicolas Sarkozy supports the proposition that farmers' income should

be increasingly based on their work rather than subsidies, and he hopes that growth in non-food uses will raise commodity prices and achieve this goal. Sarkozy believes biofuels represent a bright future for French agriculture. He supports industrial biofuel production, which could generate more than 40,000 jobs, on-farm production of biofuels for local markets, and research for second generation biofuels. He is expected to continue the government-based tax incentives for biofuel production.

¶15. (SBU) While opposed to a CAP reform prior to 2013, Sarkozy is open to modest adjustments under the 2008 "health check" to streamline and reduce red tape. He has suggested that the CAP may need to further distinguish between large-scale, intensive, and more small-scale, rural based production. Crop insurance and renewable energy issues would be part of these policies.

¶16. (SBU) Sarkozy is the most flexible candidate on agricultural biotechnology. However, he is still skeptical about its' advantages. He supports biotech research as "indispensable" and favors open-field testing within a "strict and transparent" regulatory framework. He does not favor a moratorium on biotech products.

¶17. (SBU) Sarkozy opposes a Doha agreement that would lower EU tariffs excessively for agricultural goods. He is, however, less likely than President Chirac to veto an agreement that would negatively impact French agriculture, if he believes that offsetting gains had been achieved in NAMA and service sectors.

Segolene Royal (PS)

¶18. (SBU) Segolene Royal, despite the fact that she represents a rural constituency, does not garner strong support from the farm sector. Her call for a merger of the Ministry of Agriculture and Environment was received with hostility. She is critical of intensive agriculture as damaging the environment, which has also

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not proven popular with the farm vote.

¶19. (SBU) According to Royal's ag advisor Stephane Le Foll, the 2008 CAP review should not focus exclusively on budget issues, but explore other aspects, such as the vertical organization of agricultural sectors rather than the Common Market Organizations and strengthening of the rural development pillar. In the longer term, instead of direct subsidies and environmental levies, she favors a contract-based system where farmers would be subsidized only after matching contracted goals. According to Royal, such a system could actually reduce EU farm spending.

¶110. (SBU) Royal has criticized repeatedly the fact that "20 percent of the farmers benefit from 80 percent of public support." Her plan is to change several aspects of this support. If elected, Royal would provide publicly the recipients and amount of direct farm subsidies, which, to date, French authorities have not been willing to divulge. In addition, perhaps due to her position as President of the regional authority Poitou-Charente, she has called for the management of direct farm subsidies by regional authorities rather than by the central government. Note: This measure would require an amendment to the French Constitution. End Note.

¶111. (SBU) Royal is strongly opposed to agricultural biotechnology. In fact, her advisor for environmental issues is a former director of Greenpeace France. In the name of the precautionary principle, she opposes open-field test plots and commercial production of biotech crops until after the results of a large public debate (which she would organize) are published. Her agricultural representative suggested that agronomical alternatives, instead of biotech, could increase the economic and ecological competitiveness of French farmers, including no-till practices, diversifying varieties, and strengthening research on soil rather than exclusively on crop varieties.

¶112. (SBU) Royal does not have a strong free trade posture and opposes a WTO agreement that would open EU agriculture markets. Her

ag adviser criticized the U.S. stance on this issue, remarking that American farmers would not benefit from such an agreement either, contrary to farmers based in countries like Brazil.

¶13. (SBU) Royal supports biofuel production, specifically for biomass production based on wood, reflecting her position that biofuel production cannot occur at the expense of food production.

Francois Bayrou (UDF)

¶14. (SBU) Mr. Bayrou, the center UDF candidate, is perceived as having the closest agricultural roots due to his status as a farmer's son and a horse breeder. According to his ag advisors Jean-Luc Duval and Frederic Descrozailles, he favors an increase in farm prices so that "farm policy is based on farm prices rather than subsidies that collapse prices." Bayrou suggests that farm income could be stabilized through fiscal mechanisms, such as tax-free savings.

¶15. (SBU) Unlike Sarkozy, Bayrou officially supports a moratorium on biotechnology. Bayrou's ecologist leanings are likely connected to his advisor Jean-Marie Pelt, an anti-biotech environmentalist. Bayrou stated that, if elected, he would ask the French Academy of Sciences to review the biotech risks of dissemination for food and pharmacological research.

¶16. (SBU) As a method to increase farmers' income Bayrou supports biofuel production and would increase support for French biofuel development research. However, his advisors expressed concerns about maintaining resource demands between food and non-food uses and balancing prices.

¶17. (SBU) As to the WTO, Bayrou, insists that the force of the French position does not rest only on its interests but on a more

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global vision where the discussions are based on an analysis of problems of the developing countries. Furthermore, Bayrou's advisors believed trade liberalization has failed to increase farmers income. Recently, however, Bayrou condemned Commissioner Mandelson for tampering with agricultural subsidies as a prelude to the WTO talks.

¶18. (SBU) Concerning the future of the CAP, France, in order to regain political weight within the EU, should extend its agricultural alliances beyond its traditional partners, such as Germany, to other major agricultural producers including Poland, and Romania.

¶19. (SBU) Comment: French farmers are aware that the next French President, whether left, center, or center-right, will treat agriculture differently than the previous administration. Agriculture has not been a major focus during the campaign and 2008 CAP review and 2013 CAP reform will undoubtedly introduce changes to the French agriculture community. End Comment.

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